UNITED STATES PATENT AND TRADEMARK OFFICE

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09/466,271	12/17/1999	IAN M. DRYSDALE	34250-0874	9967

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1   UNITED STATES PATENT AND TRADEMARK OFFICE

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3

4   BEFORE THE BOARD OF PATENT APPEALS

5   AND INTERFERENCES

6   _____

7

8   *Ex parte* IAN M. DRYSDALE

9   _____

10

11   Appeal 2008-0921

12   Application 09/466,271

13   Technology Center 3600

14   _____

15

16   Decided: December 4, 2008

17   _____

18

19   *Before* HUBERT C. LORIN, ANTON W. FETTING, and STEVEN D.A.

20   McCARTHY, *Administrative Patent Judges.*

21

22   FETTING, *Administrative Patent Judge.*

23

24   DECISION ON APPEAL

25   STATEMENT OF THE CASE

26   Ian M. Drysdale (Appellant) seeks review under 35 U.S.C. § 134 of a

27   final rejection of claims 1-8 and 10-20, the only claims pending in the

28   application on appeal.

29   We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b)

30   (2002).

1   We AFFIRM.

2   The Appellant invented a way of performing a card transaction using

3   the Internet to facilitate processing of the transaction (Specification 1:4-5).

4   An understanding of the invention can be derived from a reading of

5   exemplary claim 1, which is reproduced below [bracketed matter and some

6   paragraphing added].

7   1. A method of performing a transaction using a
8   transaction card, the method comprising:
9   [1] accessing a web server of a merchant service
10   provider
11   via an Internet service provider
12   using a transaction device
13   during a transaction involving a
14   transaction card,
15   [1a] wherein the web server includes
16   commands
17   for processing transaction information
18   associated with the transaction card
19   to obtain authorization from the
20   merchant service provider for the
21   transaction; and
22   [2] entering the transaction card into a card reader
23   of the transaction device
24   in order to enter transaction
25   information associated with the
26   transaction card into the web server
27   during the transaction;
28   [3] wherein the transaction device does not utilize
29   any merchant service provider proprietary software
30   for the transaction information to be
31   processed to obtain authorization
32   from the merchant service provider
33   for the transaction;
34   [4] wherein the transaction device accesses the
35   web server

1   [4a] without accessing any merchant

2   service provider proprietary network.

3

4   This appeal arises from the Examiner's final Rejection, mailed August

5 2, 2006. The Appellant filed an Appeal Brief in support of the appeal on

6 January 8, 2007. An Examiner's Answer to the Appeal Brief was mailed on

7 April 5, 2007. A Reply Brief was filed on May 16, 2007.

8

9   PRIOR ART

10   The Examiner relies upon the following prior art:

11   Muftic   US 5,850,442   Dec. 15, 1998

12   Athing   US 5,987,498   Nov. 16, 1999

13

14 PR Newswire, *General Instrument's Digital Interactive Cable TV Set-Top*

15 *Terminals To Become The Latest New Acceptance Device For Visa Smart*

16 *Cards*, PR Newswire 1 (December 10, 1998) (Hereinafter referred to as PR

17 Newswire).

18

19 Ellis Booker, *New System A Welcome Guest At Hyatt*, 25 Computerworld

20 51-53 (July 15, 1991) (Hereinafter referred to as Booker).

21

22   REJECTIONS

23   Claims 1-3, 5-8, 10-15, and 17-19 stand rejected under 35 U.S.C.

24 § 103(a) as unpatentable over Muftic, PR Newswire, and Booker.

25   Claims 4, 16, and 20 stand rejected under 35 U.S.C. § 103(a) as

26 unpatentable over Muftic, PR Newswire, Booker, and Athing.

27

28   ISSUES

29   The issues pertinent to this appeal are

30   •   Whether the Appellant has sustained its burden of showing that the

31   Examiner erred in rejecting claims 1-3, 5-8, 10-15, and 17-19 under

1   35 U.S.C. § 103(a) as unpatentable over Muftic, PR Newswire, and

2   Booker.

3   • Whether the Appellant has sustained its burden of showing that the

4   Examiner erred in rejecting claims 4, 16, and 20 under 35 U.S.C.

5   § 103(a) as unpatentable over Muftic, PR Newswire, Booker, and

6   Athing.

7   The pertinent issue turns on whether the art suggests limitations of

8   server commands in element [1a] and non-proprietary software and networks

9   in elements [3] and [4a] of claim 1.

10

11   FACTS PERTINENT TO THE ISSUES

12   The following enumerated Findings of Fact (FF) are believed to be

13   supported by a preponderance of the evidence.

14   *Muftic*

15   01.   Muftic is directed to using smart token technologies and a

16   public key infrastructure to permit world wide electronic

17   commercial transactions to be implemented in a highly secure

18   manner over an open network (Muftic 5:38-41). Smart tokens

19   include cards such as smart cards (Muftic 1:18-22).

20   02.   Muftic provides a network that includes user terminals

21   equipped with the ability to read and/or write smart tokens

22   containing cryptographic keys. A security server certifies the

23   public keys of users registered to engage in commercial

24   transactions or the public keys of other security servers. The

25   network is arranged so that encryption keys from a smart token

26   may be authenticated by one or more security servers and used to

1   ensure the origin and authenticity of electronic transactions

2   conducted using said user terminals and servers. (Muftic 7:1-15).

3   03. Muftic describes conducting electronic commerce over an

4   unsecured network by authenticating information placed on at

5   least one server of the network, accessing the information,

6   ordering a product or services after accessing said information by

7   sending an electronic message, and authenticating said electronic

8   message as to origin. (Muftic 7:24-31).

9   04. Muftic is also directed to a method of conducting electronic

10   commerce over an unsecured network by registering users in a

11   public key infrastructure system and certifying one or more public

12   keys for each user and by authenticating electronic transactions

13   using a certified public key. In this way, the binding between a

14   public key and a user can be authenticated. This method has

15   applicability to a number of business transactions such as in

16   authenticating offers, counteroffers and acceptance in a contract

17   negotiations process; authenticating offers, bids and/or

18   confirmations of sale in an auction process; authenticating a

19   guarantee; authenticating orders and/or payments in a

20   purchase/sell transaction; authenticating transfers of intangible

21   personal property; authenticating tender offers and/or one or more

22   tenders of shares of stock; authenticating certificates of insurance;

23   authenticating transfers of intangibles related to an escrow

24   transaction and authenticating transfers of electronic money.

25   (Muftic 7:45-62).

26   *Athing*

1   05.   Athing is directed to a computer network communication

2   system collecting messages from multiple electronic sources in a

3   common format that is selectable by the user after first receiving

4   charge account information from the user such that the provider of

5   the communication system can recoup costs associated with

6   providing the system (Athing 2:39-46).

7   *PR Newswire*

8   06.   PR Newswire is directed to describing how General

9   Instrument's (GI) broadband digital network system would accept

10   Visa branded multi-function smart cards by making the Visa Open

11   Platform available to broadband network operators and

12   implementing it on advanced interactive digital set-tops and

13   systems. The Visa Open Platform is a flexible non-proprietary

14   platform that enables the fast and easy development of globally

15   interoperable multiple application smart card systems (PR

16   Newswire:Abstract).

17   07.   PR Newswire describes Visa's Open Platform as a collection of

18   specifications and technologies that define the foundation for the

19   deployment and growth of the secure, multifunction smart card.

20   With the Visa Open Platform, software developers can create

21   programs that run on a wide variety of chips and operating

22   systems, enabling banks and financial institutions to develop their

23   own smart cards on which they can run numerous programs,

24   providing their customers with a broad array of value-added

25   functions. A strong proponent of open systems, Visa International

26   has made the Visa Open Platform specification freely available to

1   all interested parties (PR Newswire 2:About The Visa Open

2   Platform).

3   *Booker*

4   08.   Booker is directed to describing how Hyatt Hotels Corp.

5   migrated to UNIX by replacing its central IBM mainframe-based

6   reservation system with a relational database management system

7   on multiple UNIX processors. The hospitality chain has saved

8   money and achieved better response time. Hyatt also switched

9   from customized software to a commercial relational database

10   management system and moved from a proprietary to a

11   nonproprietary wide area network. The new reservation system

12   has resulted in more than a 20% cost savings over the old system,

13   which cost $7 million to $8 million per year in leasing fees and

14   maintenance. The greatest benefit of the new hardware and

15   software platforms is allowing Hyatt to respond quickly to

16   changes in the marketplace (Booker:Abstract).

17   09.   Booker describes the appeal of Unix as twofold. First, systems

18   can be deployed rapidly. Just as important, however, the

19   environment is scalable. You can use the same application for

20   very small operations with a couple of terminals to a hotel with

21   3,000 rooms and 100 terminals. In addition, a common systems

22   approach makes it far easier to transfer management around the

23   company's many properties (Booker 3:Fifth ¶).

24   10.   Booker describes how Hyatt concluded that proprietary on-line

25   transaction processing schemes might not be the be-all and end-all

26   of transaction processing (Booker 4:Fourth ¶).

1   *Facts Related To The Level Of Skill In The Art*

2   11.   Neither the Examiner nor the Appellant has addressed the level

3   of ordinary skill in the pertinent arts of systems analysis and

4   programming, ecommerce, network design, financial transaction

5   protocol programming, network security design, and commercial

6   transaction systems design. We will therefore consider the cited

7   prior art as representative of the level of ordinary skill in the art.

8   *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001)

9   ("[T]he absence of specific findings on the level of skill in the art

10   does not give rise to reversible error 'where the prior art itself

11   reflects an appropriate level and a need for testimony is not

12   shown'") (quoting *Litton Indus. Prods., Inc. v. Solid State Sys.*

13   *Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

14   *Facts Related To Secondary Considerations*

15   12.   There is no evidence on record of secondary considerations of

16   non-obviousness for our consideration.

17

18   PRINCIPLES OF LAW

19   *Claim Construction*

20   During examination of a patent application, pending claims are

21   given their broadest reasonable construction consistent with the

22   specification. *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In*

23   *re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004).

24   Limitations appearing in the specification but not recited in the claim

25   are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d

26   1364, 1369 (Fed. Cir. 2003) (claims must be interpreted "in view of the

1 specification" without importing limitations from the specification into the

2 claims unnecessarily).

3   Although a patent applicant is entitled to be his or her own lexicographer

4 of patent claim terms, in *ex parte* prosecution it must be within limits. *In re*

5 *Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing

6 such definitions in the Specification with sufficient clarity to provide a

7 person of ordinary skill in the art with clear and precise notice of the

8 meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480

9 (Fed. Cir. 1994) (although an inventor is free to define the specific terms

10 used to describe the invention, this must be done with reasonable clarity,

11 deliberateness, and precision; where an inventor chooses to give terms

12 uncommon meanings, the inventor must set out any uncommon definition in

13 some manner within the patent disclosure so as to give one of ordinary skill

14 in the art notice of the change).

15 *Obviousness*

16   A claimed invention is unpatentable if the differences between it and

17 the prior art are "such that the subject matter as a whole would have been

18 obvious at the time the invention was made to a person having ordinary skill

19 in the art." 35 U.S.C. § 103(a) (2000); *KSR Int'l v. Teleflex Inc.*, 127 S. Ct.

20 1727, 1729-30 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 13-14

21 (1966).

22   In *Graham*, the Court held that the obviousness analysis is bottomed

23 on several basic factual inquiries: "[(1)] the scope and content of the prior art

24 are to be determined; [(2)] differences between the prior art and the claims at

25 issue are to be ascertained; and [(3)] the level of ordinary skill in the

26 pertinent art resolved." 383 U.S. at 17. *See also KSR Int'l v. Teleflex Inc.*,

1   127 S. Ct. at 1734. "The combination of familiar elements according to

2   known methods is likely to be obvious when it does no more than yield

3   predictable results." *KSR*, at 1739.

4   "When a work is available in one field of endeavor, design incentives

5   and other market forces can prompt variations of it, either in the same field

6   or a different one. If a person of ordinary skill can implement a predictable

7   variation, § 103 likely bars its patentability." *Id*. at 1740.

8   "For the same reason, if a technique has been used to improve one

9   device, and a person of ordinary skill in the art would recognize that it would

10   improve similar devices in the same way, using the technique is obvious

11   unless its actual application is beyond his or her skill." *Id.*

12   "Under the correct analysis, any need or problem known in the field

13   of endeavor at the time of invention and addressed by the patent can provide

14   a reason for combining the elements in the manner claimed." *Id.* at 1742.

15   *Automation of a Known Process*

16   It is generally obvious to automate a known manual procedure or

17   mechanical device. Our reviewing court stated in *Leapfrog Enterprises Inc.*

18   *v. Fisher-Price Inc.*, 485 F.3d 1157 (Fed. Cir. 2007) that one of ordinary

19   skill in the art would have found it obvious to combine an old

20   electromechanical device with electronic circuitry

21   to update it using modern electronic components in
22   order to gain the commonly understood benefits of
23   such adaptation, such as decreased size, increased
24   reliability, simplified operation, and reduced cost .
25   . . . The combination is thus the adaptation of an
26   old idea or invention . . . using newer technology
27   that is commonly available and understood in the
28   art.
29   *Id.* at 1162.

1   *Obviousness and Nonfunctional Descriptive Material*

2   Nonfunctional descriptive material cannot render nonobvious an

3   invention that would have otherwise been obvious. *In re Ngai*, 367 F.3d

4   1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed.

5   Cir. 1983) (when descriptive material is not functionally related to the

6   substrate, the descriptive material will not distinguish the invention from the

7   prior art in terms of patentability).

8

9   ANALYSIS

10   *Claims 1-3, 5-8, 10-15, and 17-19 rejected under 35 U.S.C. § 103(a) as*
11   *unpatentable over Muftic, PR Newswire, and Booker.*
12

13   The Appellant argues independent claims 1, 11, and 12 as a group and

14   relies on these arguments to support claims 2-3, 5-8, 10, 13-15, and 17-19.

15   We therefore treat these claims as argued as a group.

16   Accordingly, we select claim 1 as representative of the group.

17   37 C.F.R. § 41.37(c)(1)(vii) (2007).

18   The Examiner found that Muftic described all the limitations of claim

19   1 except for the non-proprietary software in limitation [3] and network in

20   limitation [4]. The Examiner found that PR Newswire and Booker described

21   the motivation for using non-proprietary software and networks and

22   concluded it would have been obvious to a person of ordinary skill in the art

23   to have used such non-proprietary software and networks in implementing

24   Muftic (Answer 4-8).

25   The Appellant contends that Muftic fails to describe the web server

26   commands for processing transaction information associated with a

27   transaction card to obtain authorization from the merchant service provider

1   for a transaction (Appeal Br. 10-11) and that PR Newswire and Booker fail

2   to describe a complete lack of proprietary software and networks, nor do

3   they describe use of such software and networks for financial transactions to

4   obtain merchant service provider authorization (Appeal Br. 11-12).

5   We disagree with the Appellant. Initially, we find that the remaining

6   limitations are uncontested and that Muftic describes those remaining

7   limitations (FF 01-04).

8   The Appellant contends that the issue of whether Muftic describes the

9   commands in limitation [1] was decided in the February 14, 2005 Board

10 Decision (Appeal No. 2004-1809) in this same application (Appeal Br.

11 10:First full ¶). We find that the earlier Decision did not fully resolve this

12 issue, but only found that the portion of Muftic cited by the Examiner failed

13 to present a prima facie case (Board Decision:2-3). The Examiner cites

14 Muftic column 7 in the instant Answer. This was not brought to the

15 attention of the earlier panel, and the earlier panel did not make any findings

16 as to this portion of Muftic. In particular, this portion describes commands

17 on a web security server that certifies the keys used in encrypting and

18 decrypting and authenticating commercial transactions such as ordering

19 products and services (FF 02-04).

20   The Appellant further argues that Muftic authenticates a transaction

21 and that this is not an authorization used to ensure that a transaction

22 involving a card is approved by a merchant service provider (Reply Br. 5:

23 Bottom ¶). We find this argument is not commensurate with the scope of

24 limitation [1]. Any online purchase transaction that is consummated

25 necessarily includes an approval by the provider. Otherwise the transaction

26 would remain unconsummated, because a commercial transaction requires

1   agreement, which includes approval, by all parties. Since such

2   authentication by Muftic is performed within all portions of a commercial

3   transaction, it necessarily occurs within the merchant service provider

4   approval portion of the transaction, and is thus a command used to obtain

5   authorization for the transaction.

6   The Appellant next argues that PR Newswire and Booker fail to

7   describe the practice of not using any proprietary software for authorization

8   (Appeal Br. 11:First full ¶), and that Booker's non-proprietary network is

9   actually proprietary because it is Hyatt's network (Appeal Br. 12). As such,

10 the Appellant appears to be arguing that physically incorporating PR

11 Newswire and Booker into Muftic would fail to reach the claim limitations.

12   "The test for obviousness is not whether the features of a secondary

13 reference may be bodily incorporated into the structure of the primary

14 reference . . . . Rather, the test is what the combined teachings of those

15 references would have suggested to those of ordinary skill in the art." *In re*

16 *Keller*, 642 F.2d 413, 425 (CCPA 1981). *See also In re Sneed*, 710 F.2d

17 1544, 1550 (Fed. Cir. 1983) ("[I]t is not necessary that the inventions of the

18 references be physically combinable to render obvious the invention under

19 review."); and *In re Nievelt*, 482 F.2d 965, 968 (CCPA 1973) ("Combining

20 the *teachings* of references does not involve an ability to combine their

21 specific structures.").

22   PR Newswire describes the benefits of non-proprietary software for a

23 flexible platform that enables the fast and easy development of globally

24 interoperable multiple application systems (FF 06) so software developers

25 can create programs that run on a wide variety of chips and operating

26 systems, enabling institutions to develop their own products on which they

1   can run numerous programs, providing their customers with a broad array of

2   value-added functions (FF 07). Booker describes the benefits of a non-

3   proprietary network, such as UNIX, to achieve cost savings and to allow

4   quick response to changes in the marketplace (FF 08). Booker further

5   describes how on a non-proprietary network, one can develop scalable

6   applications (FF 09). The Appellants have not argued that the functionality

7   of proprietary and non-proprietary software and networks would differ.

8   There is no reason they should, since the distinction is one of ownership,

9   control, and transparency, not functionality. Since there is no distinction in

10   how Muftic would operate irrespective of whether its software and network

11   is proprietary, the reasons for selecting non-proprietary versions described

12   by PR Newswire and Booker would have motivated one of ordinary skill to

13   select non-proprietary versions. As to the Appellants' argument that

14   ownership implies a proprietary nature, we find that acquiring a license to

15   non-proprietary software and networks, as was done in Booker and PR

16   Newswire, does not confer proprietary ownership over the software and

17   networks and therefore does not change them to proprietary versions.

18   The Appellant has not sustained its burden of showing that the

19   Examiner erred in rejecting claims 1-3, 5-8, 10-15, and 17-19 under

20   35 U.S.C. § 103(a) as unpatentable over Muftic, PR Newswire, and Booker.

21

22   *Claims 4, 16, and 20 rejected under 35 U.S.C. § 103(a) as unpatentable over*

23   *Muftic, PR Newswire, Booker, and Athing.*

24

25   The Appellant relies on the arguments in support of claims 1-3, 5-8,

26   10-15, and 17-19, which we found to be insufficient to overcome the

1 Appellant's burden *supra*. The Appellant has therefore not sustained its

2 burden of showing that the Examiner erred in rejecting claims 4, 16, and

3 20 under 35 U.S.C. § 103(a) as unpatentable over Muftic, PR Newswire,

4 Booker, and Athing.

5

6 <div align="center">CONCLUSIONS OF LAW</div>

7 The Appellant has not sustained its burden of showing that the

8 Examiner erred in rejecting claims 1-8 and 10-20 under 35 U.S.C. § 103(a)

9 as unpatentable over the prior art.

10

11 <div align="center">DECISION</div>

12 To summarize, our decision is as follows:

13 • The rejection of claims 1-3, 5-8, 10-15, and 17-19 under 35 U.S.C.

14 § 103(a) as unpatentable over Muftic, PR Newswire, and Booker is

15 sustained.

16 • The rejection of claims 4, 16, and 20 under 35 U.S.C. § 103(a) as

17 unpatentable over Muftic, PR Newswire, Booker, and Athing is

18 sustained.

19 No time period for taking any subsequent action in connection with

20 this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

21

22 <div align="center">AFFIRMED</div>

23

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<div align="center">15</div>

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